

Exhibit F

IN THE UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

- - - - -
IN THE MATTER OF

IN RE: LEHMAN BROTHERS HOLDINGS INC., ET AL.,
Debtors.

- - - - -
DEPOSITION OF VITTORIO PIGNATTI

VOLUME I

Monday, November 16th, 2015

AT: 3:30 p.m.

Taken at:

Hogan Lovells
50 Holborn Viaduct
London
EC1A 2FG
London
United Kingdom

CONFIDENTIAL

Court Reporter:

Chris Lang
Accredited Real-time Reporter

1 the witness and we can proceed.

2 VITTORIO PIGNATTI

3 having been Sworn testified as follows:

4 BY MR JOHNSON:

5 Q. And Mr. Pignatti, I wanted to start with your work
6 experience. So when did you begin working at Lehman
7 Brothers?

8 A. March 1989.

9 Q. March 1989?

10 A. 1989 and I finished working for the liquidator of
11 Lehman Brothers in, I think it was April 2009.

12 Q. And what jobs did you have whilst you were at
13 Lehman Brothers?

14 A. I started as head of investment banking for Italy
15 then I was promoted in 1998, relocated to London and
16 became the head of mergers and acquisitions advisory for
17 Europe and then at the end of 2006, or some time in
18 2006, I became Vice Chairman, maybe the year before, but
19 I was assigned to be responsible for private equity for
20 non-US.

21 Q. Okay. And what were your responsibilities in those
22 positions?

23 A. In the last position I was responsible for
24 non-listed balance sheet investments and Lehman Brothers
25 private equity funds, which included the buy out funds,

1 A. Between senior management and other officers, the
2 board members, I didn't have much relationship with
3 other than two.

4 Q. Okay. And to your understanding was it common for
5 members of Lehman Brothers' leadership to serve multiple
6 roles?

7 A. Absolutely.

8 Q. Now, how do you know Dr. Thomas Marsoner?

9 A. I know him because when he joined Lehman Brothers
10 I was one of the managing directors of the firm, so
11 I participated in the hiring of that team, because he
12 didn't come on his own, he came with a group from
13 Soloman Brothers.

14 Q. And did he work as an adviser to Lehman Brothers at
15 a certain point?

16 A. Yes, after many years as an investment banker
17 within the ranks of the firm he sort of moved on to be
18 an adviser.

19 Q. And are you aware of his advisory agreements?

20 A. I am aware of his advisory agreements for as long
21 as I was the person responsible for any adviser to the
22 investment bank.

23 Q. Okay. And specifically were you involved in the
24 negotiation of Dr. Marsoner's 2002 agreement?

25 A. Yes. So I became, I was in charge of that division

1 from 1998 until 2006.

2 Q. So that means you were involved in the 2004
3 agreement as well?

4 A. Yes.

5 Q. And did you sign both of these agreements?

6 A. Yes, I think I did.

7 Q. Did you sign both on behalf of Lehman Brothers
8 Europe Limited?

9 MS. ALVAREZ: Objection to form.

10 Q. You can still answer.

11 A. Okay.

12 Q. Do you want me to repeat the question?

13 A. If I signed on behalf of Lehman Brothers?

14 Q. Europe Limited?

15 A. I think so, but it must say, I mean the contracts
16 are available, so if it says Lehman Brothers. I would
17 be given, if it was companies on whose board I sat,
18 within Lehman I would sign because I had powers of
19 attorney, jointly with some other officers of the firm,
20 or individually for some contracts. If it wasn't
21 I would be told, you know, this one had better go into
22 this company, this one had better go. They would tell
23 me whether I had specific powers or I wouldn't sign it
24 at all, it would be someone else who was actually on the
25 board of that company.

1 Q. Okay. To your understanding why did Lehman
2 Brothers want to hire Dr. Marsoner as an adviser?

3 MS. ALVAREZ: Objection to form.

4 A. Mr. Marsoner continued his previous involvement, so
5 it was an evolution, it wasn't a hiring process, which
6 was quite normal with senior people who departed a full
7 time position at Lehman, they seldom -- unless they went
8 to work for a competitor, they were offered a choice to
9 stay on as an adviser, some with retainers, you know, we
10 had a lot of freedom on how to calibrate their
11 involvement.

12 Q. Did Dr. Marsoner have certain expertise?

13 MS. ALVAREZ: Objection to form.

14 A. Yes he did. By sector and by geography. He had
15 spent almost his entire working career dealing with
16 Germany and Austria and financial institutions, which
17 gave him a, for a firm that was not particularly strong
18 in that part of the world, considerable senior hedge in
19 terms of relationships and understanding of situations
20 that were not obvious, especially in situations of work
21 outs or complicated deals.

22 Q. And what about F1?

23 A. F1 was a complicated deal. So he met those
24 criterias and there were German banks involved.

25 Q. And is it correct that you were a contact person

1 under the 2004 agreement?

2 MR. HORWITZ: Objection to form.

3 A. Absolutely.

4 Q. And what did this entail?

5 A. This entailed that any decision with -- these
6 contracts were rather general in terms of which
7 transactions would be covered and so on, and I was the
8 person on behalf of the firm where these decisions would
9 be centralized; what was in it, the exact terms, we used
10 to give a grade in terms of how much the person would be
11 entitled to be paid and then, you know, for the
12 avoidance of doubt and we would interpret on a case by
13 case basis.

14 Q. Could you please look at Dr. Marsoner's motion.

15 MS. ALVAREZ: Do you have extra copies? We didn't bring
16 Sherratt's deposition exhibits with us -- we just
17 happened to have an extra copy of the 2007 annual
18 report -- since this is a separate deposition. Thank
19 you so much. And this is exhibit?

20 THE COURT REPORTER: It should say on the front. Exhibit --

21 A. 4.

22 BY MR JOHNSON:

23 Q. Could you turn to exhibit C, please.

24 A. Okay.

25 Q. And then page 22, if you see at the top, page 22 of

1 Q. Is that the section you referenced? I believe you
2 referenced --

3 MS. ALVAREZ: Objection to form.

4 Q. -- that there were other transactions?

5 A. Yes, absolutely. He would attend. I mean I was,
6 I had hundreds of people under me, so I was following,
7 as the person responsible of the advisory mergers and
8 acquisitions, I was following all of the transactions.
9 But if I can recall, Telekom Austria was under my direct
10 watch, the Republic of Austria, maybe, 50 percent, the
11 BAWAG, partially, zero personal involvement, but I would
12 monitor and ask the various teams whether he was doing
13 his job.

14 Q. Mm-hm.

15 A. You know, whether he was attending the meetings.
16 These meetings would probably be mostly in Austria,
17 Germany and so on so I wouldn't attend every single
18 meeting but I get through the Monday morning meeting
19 where each of the teams who kind of report back, find
20 out, and then I would speak with Thomas whenever needed.
21 I mean sometimes it would be three times a week,
22 sometimes it would be every two weeks.

23 Q. And how is his pay determined?

24 A. His pay was determined through negotiations with
25 him and then an approval by the committee of investment

1 banking which was Skip McGee and another number of other
2 people.

3 Q. And that included you?

4 A. That included me, yes. I was the proponent, so we
5 sat through and I had, you know, to approve any
6 expenditure, any commitment of the firm I would report
7 on and seek approval prior to signing. But he was not
8 the only consultant to the group.

9 Q. Okay, what would happen when one of the agreements
10 was no longer in effect?

11 A. Normally, if it was no longer in effect we would
12 have a moment of truth as to whether the person was, and
13 I am talking in general not about Mr. Marsoner
14 specifically, I would establish whether the team felt,
15 or parts of the team that were interacting with the
16 senior adviser, would be interested in maintaining that
17 relationship and likewise I would check with the person
18 who was giving us the advice on whether they had
19 interest in providing the same level of commitment,
20 a higher level of commitment or a lower level of
21 commitment. So we would start the new contract. If
22 there was no change, we would roll it over.

23 Q. Could you please hand Mr. Pignatti the October 13,
24 2015 email.

25 THE COURT REPORTER: That is exhibit 7.

1 have enough traction from my teams to say yes, because
2 we had a budget we could spend so much on advisers. So
3 if we took one, we wouldn't have another one to maybe
4 start the new vertical, maybe to cover another country.

5 THE COURT REPORTER: Sorry, could you repeat the last bit?

6 A. We would have to decide as a team, the advisory M&A
7 team, how to spend the budget, being the person in
8 charge, it was in the end my duty to present the annual
9 budget, but also to manage the budget. So there were
10 times when the level of activity with one adviser did
11 not warrant a contract with a fixed amount, and so on.
12 So we would, say, use as a guideline the past but on
13 specific transactions you have to come to me and I will
14 sign off and sort of rejuvenate the old agreements with
15 the caveat that it may be without a fixed amount, with
16 a cap, you know, depending deal by deal.

17 I preferred, generally, to have contractors on,
18 because I had so many of them, just to remember what you
19 were doing with one or the other but it was, in the case
20 of Thomas and a few others, after a decade together we
21 could live with, sort of a play it by ear system. But
22 I would always go back to the person within Lehman, sort
23 of full time Lehman MD, and check that the work was
24 being done, that it was a realistic request.

25 Q. And so when his agreement expired how would his pay

1 be determined?

2 A. His pay would be determined the way that I do it
3 with this email, and I don't know if Jonathan responded
4 to me, but I would say these are the guidelines, this is
5 the deal, do you want me to confirm to the adviser that
6 he is on and, if so, within the usual sort of Lehman
7 scale, which I, for the avoidance of doubt repeat to
8 him; where would you place his services? Because this
9 would come off the bonus pool. So if we were introduced
10 to a deal by someone -- someone, by one of the senior
11 advisers -- we would use the net revenues for the team,
12 not the gross, so it was a team cost, it wasn't just
13 money that was flying around. So I wanted the buy in
14 not to be told at the end of the year I made
15 USD 10 million. Sorry, it is USD 8 million, because two
16 went to -- so they tended to forget on a personal basis
17 the expenses associated with the deals.

18 Q. Do you know Peter Sherratt?

19 A. Of course.

20 Q. Was he involved in determining Dr. Marsoner's pay?

21 A. No.

22 Q. And changing topics, are you familiar with
23 Cerberus' acquisition of BAWAG?

24 A. Yes.

25 Q. Was Dr. Marsoner involved in that transaction?

1 knew his part; a large organization, he knew the equity
2 investment, which was hundreds of millions of Euros, had
3 gone really badly and there was a positive recovery on
4 the loan.

5 Q. Okay. And when you were looking for documents to
6 prepare this deposition, did you look for any documents
7 showing that Lehman would pay Dr. Marsoner for
8 Formula 1?

9 A. No. I actually was looking at -- the documents
10 that I have were all of the ones under my watch. So
11 I would have known what Lehman, I represented Lehman.

12 Q. Mm-hm.

13 A. To a large extent. So I was looking to see what
14 exactly were -- sort of brushing up on the course of
15 events and in which years was I working on --

16 Q. Okay. Did you look for any agreements that covered
17 Formula 1 with Dr. Marsoner?

18 A. Yes.

19 Q. And did you find any?

20 A. No, not under my watch. It was not specifically
21 mentioned. I found some emails on sort of advice
22 provided. Prior to the sale to CVC there was the dates
23 confusion.

24 Q. Okay.

25 A. And the events with CVC was done in 2006. That was

1 MR. JOHNSON: Objection. Leading.

2 A. My task was a different task. Okay, at that time
3 the stake was unsaleable.

4 Q. Okay. Thank you.

5 A. We owned 75 percent interest in a holding company
6 that an agreement with another holding company in
7 Guernsey and so on, and Peter Sherratt, give him credit,
8 and us, the banking team in three years would change
9 that situation. Not smoothly, you know, through even
10 court cases and so on. We at one point to eliminate the
11 BLB representative, who in theory was working on our
12 behalf, and finally some changes took place.

13 Q. Okay.

14 A. Which then led Bernie Ecclestone to become much
15 more amenable to a sale. Rather than having three banks
16 being difficult and so on, they saw that we were quite
17 effective in making his life not so easy.

18 Q. Okay.

19 A. Had it been only BLB, I think he would still now
20 age 84 control the company with 25 percent and make all
21 of the decisions single-handedly.

22 Q. Okay. So at this point you considered retaining
23 Dr. Marsoner. The decision was made not to retain him
24 in 2002, correct?

25 MR. JOHNSON: Objection. Leading.

1 A. That is correct. I think JP came back saying,
2 well, you know, for us, you know, JP, Lehman and we take
3 a Lehman guy, you know, it sounds like we are giving you
4 the keys and so on. You know, if you want to, we would
5 be delighted if you add him to the team at your expense.

6 Q. Okay.

7 MR. JOHNSON: Just to point out the objection to leading is
8 based on the fact that he is not a hostile witness, he
9 is an ex employee of Lehman Brothers.

10 MS. ALVAREZ: You can take that position. We are taking the
11 position that he is a friendly witness to Dr. Marsoner
12 so he would be a hostile witness to Lehman Brothers. He
13 is no longer employed with Lehman Brothers.

14 MR. JOHNSON: He is an ex employee, though.

15 MS. ALVAREZ: That is fine.

16 MR. VAN TOL: This is Pieter. And unless you establish
17 a foundation, none of your questions are admissible.

18 MS. ALVAREZ: Well, that is really for the court to decide.
19 So we will move on.

20 BY MS. ALVAREZ:

21 Q. I want to jump head, that is 2002. I want to jump
22 ahead three years, let us jump ahead to 2005. In 2005
23 you learned that CVC Capital was considering making
24 an offer to Lehman to purchase the Formula 1 shares,
25 correct?

1 Now, I want to look at what has been marked as
2 Pignatti exhibit 2, which is the letter you submitted to
3 the court, Mr. Pignatti, could we look at it again. And
4 on the second page, the very last paragraph, you state:

5 "It was my understanding that Dr. Marsoner would
6 have been paid by Lehman Brothers for his services
7 concerning the F1 investment or I would not have asked
8 him to help."

9 What was the basis for your understanding?

10 A. My understanding is that, as I think I mentioned
11 before, we had a long consolidated relationship with our
12 senior advisers which was regulated by contracts but
13 they were completely one sided. You might have read
14 them.

15 Q. Mm-hm.

16 A. It says if the firm decides that you had a major
17 involvement in a transaction. So completely left to our
18 discretion, the firm's discretion. And therefore we
19 were instructed to use this power, not
20 opportunistically, but bearing in mind that we had
21 a name, a future and we had to keep our senior advisers,
22 you know, happy.

23 Q. Mm-hm.

24 A. But within, you know, the boundaries of the
25 economic interests of Lehman. And therefore, as you can

1 see from previous emails and so on, any time we utilized
2 the senior adviser, not just myself, but also other
3 people on the team, and it was a large organization,
4 I wanted it to be flagged, because if we agreed to use
5 we would then remunerate. I cannot tell you how much,
6 it depended on our good will, on a discussion with
7 a person and so on, but we wouldn't utilize someone
8 outside of the contract to tell them thank you very
9 much, it was free help, and so on. Otherwise we would
10 not have been as successful as we were in retaining very
11 high caliber people for relatively low fixed amounts of
12 money.

13 Q. Okay. So when you got to that point, you realized
14 that someone needed to be remunerated, you would have
15 a conversation with that person about how much?

16 MR. JOHNSON: Objection. Leading.

17 A. Absolutely. I would have discussed the specifics
18 of something that was not in the contract and would have
19 had an internal discussion and then I would have gone
20 back with a response. It was a negotiation to a certain
21 point.

22 Q. Okay. And then ultimately you would need to get
23 approval from someone more senior?

24 MR. JOHNSON: Objection. Leading.

25 A. Depending on if it was the acquisition of a M&A

1 advisory and so on. I had my guidelines and I could
2 move on. I would specify, because in an advisory
3 mandate you are getting a success fee and a retainer
4 fee. So it is all, you are sharing profits with a third
5 party and I would have documented that and the contract
6 would have been seen and approved by Peter Sherratt and
7 others, and we actually had a person under Peter in our
8 division, in legal. So everything would be documented.
9 But it wasn't a payment that came from the balance sheet
10 of the firm, it was a forgone revenue, because they were
11 all success based. And the fixed amount would be
12 budgeted in my division, so at the beginning of the year
13 I get so many millions in external expenditures; so much
14 for travel, so much for advisers and so on. The
15 variable part would be a deduction of revenues, so quote
16 unquote, since my guys were all on a percentage bonus
17 pool calculated, so obviously it was an investment made
18 by my division and I had the authority within those
19 boundaries to use my best judgment.

20 Q. Okay.

21 A. Okay. If, on the other hand, it was the sale of
22 an asset owned by the firm -- there weren't that many --
23 and that would have been always remunerated but dealt
24 with in a different conceal.

25 Q. Okay.

1 at the investment bank they would have to pay. I would
2 participate in the negotiation but I couldn't force them
3 to pay out of their budget more or less.

4 Q. Okay. So when the BAWAG transaction was completed,
5 Lehman and Dr. Marsoner came to an agreement regarding
6 how much he would be paid for his help?

7 MR. JOHNSON: Objection. Leading.

8 A. Yes.

9 Q. Now, you mentioned when you were explaining the
10 differences to me --

11 A. Mm-hm.

12 Q. -- that the sale of an asset situation is
13 different?

14 A. Yes.

15 Q. Formula 1, would that fall into that category of
16 transaction, sale of an asset?

17 MR. JOHNSON: Objection. Leading.

18 A. It was the sale of an asset and therefore there
19 wasn't a mandate originating fees for -- you know, we
20 were not getting paid, you know, inside of the
21 investment banking division there wasn't an advisory fee
22 of 3 million that Formula 1 was paying to Lehman.
23 Because we owned the company, or co-owned, we couldn't
24 charge any fees, so it would have come out of pocket
25 from the firm. Therefore it happened, you know, several

1 conference. He is going to be dialing in soon.

2 MS. ALVAREZ: Okay.

3 BY MS. ALVAREZ:

4 Q. So Dr. Marsoner was offering to coordinate
5 a response to CVC?

6 MR. JOHNSON: Objection. Leading.

7 A. I think it was more offered internally to see
8 whether the deal could be, you know, improved, limiting
9 the size of the stake that was being sold.

10 Q. Okay. And he was suggesting that he would do this
11 for what he called a modest fee?

12 MR. JOHNSON: Objection. Leading.

13 A. Yes.

14 Q. So he is offering to facilitate things in exchange
15 for a percentage upon LB's eventual sale?

16 MR. JOHNSON: Objection. Form.

17 Q. You never took him up on this offer, correct?

18 MR. JOHNSON: Objection. Leading.

19 A. I never took him up. I think I passed on the
20 information to the people --

21 Q. To whom?

22 A. To Bernard, and, you know, and the others. Maybe
23 verbally on a call, and I said guys, this is a view.
24 And that was a time when this was, you know, a debated
25 issue at Lehman as to what to do.

1 Q. And to your knowledge, Tom Bernard never took him
2 up on the offer, correct?

3 MR. JOHNSON: Objection. Leading.

4 A. I don't know. There certainly was an exchange of
5 emails with Tom Bernard.

6 Q. Do you know if Tom Bernard retained Dr. Marsoner to
7 coordinate a response to CVC?

8 A. I don't know.

9 MR. JOHNSON: Objection. Form.

10 Q. Peter Sherratt didn't take him up on the offer,
11 correct?

12 MR. JOHNSON: Objection. Leading.

13 A. I don't think it would have been Peter Sherratt's
14 task to sign up a non-legal adviser.

15 Q. Well Jeremy Isaacs didn't take him up on the offer?

16 MR. JOHNSON: Objection. Leading.

17 A. Okay, that would have been the sort of person.
18 I don't see Christian Meissner. Maybe it was before he
19 stepped in.

20 Q. Did Jeremy Isaacs take him up on the offer?

21 A. Not that I know.

22 MR. JOHNSON: Objection.

23 A. He is the only one who could have retained
24 an adviser for corporate Europe, for example. That
25 would be him.

1 were people from finance, legal, so on and not the line
2 managers.

3 Q. Okay, that's fair. So regardless of Lehman
4 entity --

5 A. Mm-hm.

6 Q. -- you have no writings indicating that Lehman
7 agreed to pay Dr. Marsoner for Formula 1, correct?

8 MR. JOHNSON: Objection. Leading.

9 A. That is correct. I used in this sentence my
10 experience and the fact that I received information from
11 Mr. Marsoner. I distributed it and it created
12 a dialogue with a follow up. So he didn't get an email
13 saying thank you very much, as I would have done in the
14 same situations in my division. If there was an adviser
15 that I thought was no longer going to be utilized
16 I would not have exploited that person, I would have cut
17 the mail flow by saying thank you very much,
18 I appreciate it. It sounds like a great idea. Feel
19 free to take it where ever. In this case, obviously,
20 that didn't apply because who could this idea -- it
21 could only be sold to Lehman or JP Morgan.

22 Q. And normally you would have eventually documented
23 an agreement to pay?

24 A. Yes, absolutely.

25 Q. In writing?

1 MR. JOHNSON: Objection. Leading.

2 A. Even post facto in the sense, as I told you,
3 because we operated with a completely one sided
4 methodology, and therefore I didn't need to document
5 things immediately. I did because it is my practice to
6 do these things, but it was not necessary because if we
7 wanted we would do it. But the policy of the firm was
8 if we used someone considerably, we would then price the
9 services. If it was someone that was a trusted adviser
10 with other contracts and so on, we would not have them
11 work unless we intended to remunerate them. That
12 doesn't define the amount.

13 Q. And then eventually you would negotiate a price
14 with the adviser?

15 MR. JOHNSON: Objection. Leading.

16 A. Basically we would tell the adviser what the price
17 was going to be.

18 Q. And document it in writing?

19 A. Yes.

20 MR. JOHNSON: Objection. Leading.

21 A. We would not pay not inconsiderable amounts without
22 a valid reason and all documentation.

23 Q. And getting approval from the senior people at
24 Lehman?

25 MR. JOHNSON: Objection. Leading.

1 A. In this particular case it was only the senior
2 people in Lehman dealing with the person, so it was
3 a matter of putting it down on paper and we would be
4 told which company it would be and then, you know, we
5 could make the payment. We could not make a payment
6 without any form of contract or anything, but in many
7 cases it would just be if there was an existing contract
8 pertaining to a general adviser and so on, then we would
9 write an addendum to that contract, dating it and so on,
10 and saying as per point six we consider the BAWAG
11 transaction a success and therefore associated with this
12 the fee of 1 percent in the scale provided in, you know,
13 and then we would pay.

14 Q. Okay. I want to make the declaration of
15 Dr. Marsoner as the next exhibit. We are getting close
16 to a break. What number is this?

17 (Exhibit Pignatti 4 marked for identification)

18 THE COURT REPORTER: 4.

19 Q. Okay. That is the document exhibited by
20 Dr. Marsoner, it is actually exhibited to his motion.
21 Have you seen this before, Mr. Pignatti?

22 A. No.

23 Q. No. I want to focus on a particular paragraph. If
24 you go to paragraph E on the bottom of page 2.

25 "In 2005 I advised Lehman in my role as senior

1 an investment, it wasn't even clear. It didn't turn out
2 to be a good investment, either, no. But it was common
3 not to utilize, because Marsoner couldn't say "you know
4 what, there are many funds around the world. I am
5 interested in keeping the relationship with Cerberus,
6 frankly, why should I bother alerting the Lehman funds
7 of the opportunity, inviting them to Austria, doing the
8 management presentation and so on", which he did.

9 Q. Mm-hm.

10 A. And they, I think, decided to pay something less
11 than this, but they did pay him something. That is what
12 I was referring to before. So I would do this before
13 the transaction closed to make sure that I wasn't
14 misrepresenting and the adviser felt cheated because he
15 had done extra work and so on. This I did with every
16 other division, including head office upstairs, you
17 know. So if there was something and I was using
18 an adviser who was paid by investment banking, I would
19 make sure that they wanted to chip in or I would say
20 candidly to the adviser, you know what, they don't
21 really think you are adding value so you won't get paid.
22 Do what you want but don't come back to me.

23 Q. Okay. You didn't send a similar email seeking
24 approval of Dr. Marsoner's payment for Formula 1?

25 MR. JOHNSON: Objection. Leading.

1 A. No I did not. Although I did convey the
2 information and things, but then it was no longer my
3 responsibility to even sign these agreements with him.
4 I was no longer the nominated person with whom he had to
5 get everything approved. So apart from the fact that we
6 had known each other for a long time and so on, I wasn't
7 going to step in and create a mess by having someone who
8 was running another division, who was making agreements
9 on services, it was too big an organization for that.

10 Q. Okay, so you weren't the guy who could approve
11 payment to Marsoner on Formula 1?

12 MR. JOHNSON: Objection. Leading.

13 A. Not after, you know, the advisory services were
14 rendered, but for advice on whether to sell a principal
15 position on inherited from a bad loan. In selling it
16 who was in investment banking or the funds not exposed
17 to the asset, say here is a million. What I would have
18 done is I would have conveyed the information to Tom
19 Bernard, you know, and the people who had to make
20 a decision, and to the best of my knowledge, they did
21 take up --

22 Q. Okay.

23 A. -- the information. They didn't say sorry, we
24 don't know who this guy is, we don't care what he says
25 and so on. I kind of left it to them and said this is

1 questions.

2 BY MR. JOHNSON:

3 Q. I have a couple of additional questions for you,
4 Mr. Pignatti.

5 Would it be normal to agree on a consultant's
6 success fee before any profits were realized?

7 MS. ALVAREZ: Objection to form.

8 A. If the advice was accepted by the firm, or
9 stipulated, yes. Or, rephrasing the question, did
10 Lehman pay advisers on a percentage of profits in my
11 20 years at Lehman Brothers? The answer is yes, many
12 times.

13 Q. But would they pay before they had received any
14 profits?

15 A. Would they be paid? No.

16 Q. I believe you testified earlier that you know
17 Peter Sherratt?

18 A. Yes.

19 Q. Was Mr. Sherratt aware that success fees were paid?

20 MS. ALVAREZ: Objection to form.

21 A. Absolutely.

22 Q. Even where there was no agreement covering the
23 transaction?

24 MS. ALVAREZ: Objection to form.

25 A. No. I think I said earlier that no payment was

1 ever done unless there was a documented agreement. So
2 especially substantial amounts, which were not just
3 reimbursements of expenses or reimbursements of expenses
4 but anything formulaic, based on a success would be
5 either regulated by a framework agreement to which
6 an addendum would be done, specifying and for this
7 transaction we have decided to pay the following amount,
8 but it would be a documented amount.

9 Q. And on Dr. Marsoner's F1 advice, isn't it true that
10 such an addendum wouldn't have been made until profits
11 were realized?

12 MS. ALVAREZ: Objection to form.

13 A. It could have been done before or after. As you
14 see, an email that was previously shown from me to our
15 colleagues on the fund side, you know, the transaction
16 had already been done. Which is subsequent to the BAWAG
17 advisory. A transaction was also originated for another
18 department in the absence of any sort of documentation
19 and so on, because the marginal cost to the adviser who
20 was working on a bigger transaction to channel a piece
21 of business to our funds would not have probably merited
22 a pre-approval by that division. So the adviser took
23 the risk of sort of notifying his will or his request at
24 a later stage and it was approved. So you have
25 an example of that.